

ALBANIA



Albania U.S. assistance to Albania seeks to reinforce the country's partnership with the United States on security issues and to help the country investigate and prosecute corrupt practices, close down criminal networks, accelerate economic growth, develop civil society, and increase investment in its people through improved health programs and workforce development.

FOREIGN RELATIONS: Albania is currently pursuing a path of greater Euro-Atlantic integration. Its primary long-term goals are to gain EU membership and to promote closer bilateral ties with its neighbors and with the U.S. Albania is a member of a number of international organizations, as well as multiple regional organizations and initiatives, including NATO, the Organization for Security and Cooperation in Europe (OSCE), the UN, the Stability Pact, the Adriatic Charter, and the World Trade Organization (WTO). In June 2006, Albania and the EU signed a Stabilization and Association Agreement, the first step to EU membership, which will focus on implementing essential rule of law reforms and curbing corruption and organized crime. Albania filed its application for EU candidacy on April 28, 2009.

Albania maintains good relations with its neighbors. It re-established diplomatic relations with the Federal Republic of Yugoslavia following the ousting of Slobodan Milosevic in 2000, and maintains excellent relations with the Republic of Montenegro, which gained its independence after the dissolution of the Serbia and Montenegro union in 2006. Albanian, Macedonian, and Italian law enforcement agencies are cooperating with increasing efficiency to crack down on the trafficking of arms, drugs, contraband, and human beings across their borders. Albania has also arrested and prosecuted several ethnic Albanian extremists on charges of inciting interethnic hatred in Macedonia and Kosovo. Tensions occasionally arise with Greece over the treatment of the Greek minority in Albania or the Albanian community in Greece, but overall relations are good.

U.S.-ALBANIAN RELATIONS: Albania enjoys friendly and cooperative bilateral relations with the U.S. Pro-U.S. sentiment is widespread among the population. Even while the U.S., which had closed its mission to Albania in 1946, was being vilified by communist propaganda during the Hoxha regime, ordinary Albanians remembered that Woodrow Wilson had supported Albanian independence in 1919. Albanians credit the NATO bombing of Serbia in 1999 with saving thousands of Kosovo Albanians, and they greatly appreciate the U.S. Government's continued support for a stable, free, and democratic Kosovo.

In 2003, Albania and the U.S. signed and ratified a number of agreements, including a treaty on the Prevention of Proliferation of Weapons of Mass Destruction and the Promotion of Defense and Military Relations; the Adriatic Charter; and an agreement regarding the non-surrender of persons to the International Criminal Court. The U.S. strongly supports Albania's EU membership goal, as it did Albania's pursuit of NATO membership. Working toward NATO membership, the U.S. and Albania signed a Supplementary Agreement to the Partnership for Peace Status of Forces Agreement, an important step in strengthening bilateral cooperation and enhancing security, peace, and stability in the region. The U.S. Senate unanimously ratified Albania's Protocols of Accession to NATO on September 25, 2008, and President Bush signed the Accession Protocols on October 24, 2008.

Since FY 1991, the U.S. has provided Albania with more than \$616 million in assistance, not counting

U.S. Department of Agriculture (USDA) food aid. The aid has served to facilitate Albania's transition from the most isolated and repressive communist state in Europe to a modern democracy with a market-oriented economy, and to support long-term development. In 2007, the U.S. gave over \$21.1 million to Albania under the Support for East European Democracy (SEED) Act program. Albania was among the first countries selected to participate in the Threshold Program under the Millennium Challenge Account, winning a grant of \$13.8 million and a second Threshold grant of \$16 million in 2008. The program targets two critical stumbling blocks to development--corruption and rule of law.

Despite daunting problems at home, Albania has wholeheartedly supported U.S. anti-terrorism efforts by freezing terrorist assets, shutting down non-governmental organizations (NGOs) with possible links to terrorist financing, expelling extremists, and providing hundreds of military troops for the U.S.-led actions in Afghanistan and Iraq. Albania has played a moderating role in the region and has fully supported UN mediation efforts in Kosovo.

Peace and Security: The United States supports Albania's goal to integrate into Euro-Atlantic institutions and become an effective member of NATO. Albania is a strong supporter of and participant in Coalition operations and has contributed troops in Iraq and increased its commitments in Afghanistan. Increased assistance will further develop and modernize the Albanian Armed Forces in order to foster a better prepared and more interoperable force, supporting both Albania's NATO membership and participation in Coalition operations. In addition, U.S. assistance will improve the organization of law enforcement and raise professional standards, specifically tackling transnational and organized crime, combating terrorism, interdicting weapons of mass destruction, and cutting sources of terrorist financing. Assistance will also support efforts to counter illicit weapons and human trafficking. It is expected that this assistance will be implemented by a variety of U.S. Government agencies, including the U.S. Agency for International Development (USAID), the Department of State, and the Department of Defense.

Governing Justly and Democratically: Albania's European Union accession aspirations are contingent upon showing results from a more aggressive effort against organized crime and corruption, more effective governance, and improved public sector and judicial accountability. U.S. assistance will help Albania strengthen the ability of its independent audit and oversight institutions to deter and detect corrupt practices; improve its justice system by implementing transparency and efficiency-enhancing measures in district and appellate courts and increasing access to justice; build the capacity of prosecutors; and promote cooperation between prosecutors and law enforcement. The United States will also help Albania consolidate a decade of decentralization reforms by working at the local level to improve the performance of municipal governments through public-private partnerships and improved asset management, service delivery, and urban planning. Increased funding for activities to promote good governance will encourage anti-corruption reform. U.S. support will also help Albania's non-governmental organizations become more effective in contributing to public policy development, advocating on behalf of citizen interests, and promoting government accountability. It is expected that this assistance will be implemented by a variety of U.S. Government agencies, including USAID, the Department of State, and the Department of the Treasury.

Investing in People: Poor health indicators, inadequate support, and inefficiency in Albania's health sector inhibit the country's Euro-Atlantic integration and undercut economic growth. Changes in the way primary health care in Albania is organized, financed, and delivered are needed to reduce the incidence of disease and provide protection to vulnerable groups. The Government of Albania has made health care a priority, but to raise overall health standards, the United States will continue support to improve preventive and primary health care and reform health care systems. Severe fiscal constraints make large increases in health investment uncertain. Programs focused on implementing extensive legal, regulatory, financial, and programmatic reforms of the health care system are essential to raising health indicators. Assistance will be provided to address maternal and child health, family planning and reproductive health,

and other public health threats. The result will be more efficient, more accessible and higher quality primary health care leading to significant improvements in health indicators and an overall contribution to socio-economic stability. It is expected that this assistance will be implemented by a variety of U.S. Government agencies, including USAID and the Department of State.

Focus on Performance: This increase reflects a USD 1 million increase to the International Military and Education Training (IMET) budget. This increase is to extend U.S. influence and interests over how Albania, as a new NATO member continues to develop and mature as a military force capable of contributing to international operations within and outside of the NATO umbrella. The IMET increase will provide much needed U.S. training and education for professional education and for technical training to support planned purchases of U.S. equipment. The end state objective is to develop the Albanian military to the point where they can sustain a deployment level of 1,000 troops (8 percent of the total force). The presence of 100,000 tons of excess communist-era munitions is one of the greatest dangers to Albanian national security. Because munitions depots are spread throughout the country, often adjacent to – or even in the middle of – residential populations, such an explosion would have serious civilian repercussions. This danger was highlighted in March 2008, when an accident at a demilitarization facility killed 26 people, injured hundreds, and damaged thousands of residences. As a result, the Ministry of Defense developed 5-year a National Demilitarization Plan, which the U.S. Government is helping to execute. In 2008, immediate U.S. assistance was directed at funding the clean-up of the Gerdec tragedy. Additionally, the U.S. Government is funding a project to assist in the industrial destruction of 82mm mortars. Beginning in 2010, the U.S. Government intends to provide \$2 million annually to a long-term NATO project to complete demilitarization in Albania. The increase in FY2010 funding will help to fund this new NATO project. The expected result by the end of FY 2010 will be the destruction of 20,000 tons of excess munitions, which will significantly reduce the danger to civilian populations living near storage facilities. The activity will start in 2009; therefore there were no results reported for FY 2008. Albania's recent NATO membership and its prospect of further integration into European Union will precipitate greater foreign direct investment and force changes in the public sector to match EU norms. Simultaneously, the Stage II Millennium Challenge threshold program will be ending with the possibility of a large U.S. Millennium Challenge Corporation (MCC) compact to the Government of Albania. Consequently, civil society organizations will be tasked with an even greater challenge to serve as a watchdog on public spending. Currently, civil society in Albania is underdeveloped and unable to adequately fill this greater role. A new initiative funded with the additional resources in FY 2010 will help create a robust network of civil society organizations focused on anti-corruption matters, leveraging the substantial anti-corruption work already underway by different U.S. agencies. FY 2010 resources will be used to significantly increase number of civil society organizations carrying out anti-corruption activities as a result of participating in U.S.-supported civil society program. The following results are expected to be obtained by the end of FY 2010: seven organizations, representing 500 persons, engage in anti-corruption and watchdog activities focused on government reforms. This activity is expected to start in late FY 2010, therefore there are no results reported for FY 2009 and most of the results with the increased 2010 funds will occur in 2011. According to the 2008-2009 World Economic Report, Albania's competitiveness index ranks very low among over 100 countries surveyed. One of the major constraints to Albania's competitiveness is the lack of a skilled workforce that meets the requirements and demands of the market economy. USG-supported workforce development programs to date have helped Albanian youths understand how the market economy functions and provided capacity-building experience to the employed or self-employed adults. Other USG funded development activities have also provided on-the-job training and short-term specialized training to hundreds of employees of small and medium-sized enterprises to improve their productivity and competitiveness. The increased FY 2010 resources will be used to expand workforce development programs to provide more relevant vocational and professional training to increasingly large number of persons. The expected results by the end of FY 2010 will include: (1) 300 persons completing USG-supported workforce development programs; and (2) 100 persons gaining employment or better employment as a result of participating in USG-supported workforce

development programs. The targets for FY 2010 only reflect part of the increased resource level. The targets for FY 2011 will also include contributions from increased 2010 resources. The activity will start in 2009; therefore there were no results reported for FY 2008.

Economic Growth: Albania faces a major challenge in addressing economic inequality and poverty. Decades of isolation have left its economy and infrastructure in far worse condition than its neighbors. Sustained economic growth – the engine for Albania’s development – is critical to European Union and NATO accession and to Albania’s ability to continue as a moderating force in the Balkans. The economy shows consistent recent growth, fueled by macroeconomic stability and remittances, but remains fragile. The lack of a reliable and adequate energy supply suppresses private enterprise growth and investment, health and safety. Albania must improve domestic production and increase exports to prosper in today’s economically interdependent system. Priority programs include supporting private sector productivity, agriculture sector productivity, trade and investment capacity, and modern energy services. U.S. assistance will help improve the competitiveness of the Albanian private sector through improved technology, standards, management practices and access to markets. Assistance to the energy sector will focus on regional energy market integration, regulatory development and privatization, and improved utility management practices. An increase in U.S. economic growth assistance will help improve private sector productivity and competitiveness, help increase domestic and foreign direct investment, and improve energy market development. It is expected that this assistance will be implemented by a variety of U.S. Government agencies, including USAID and the Department of State.